

APPENDIX RECIPROCAL COMPENSATION

TABLE OF CONTENTS

1. INTRODUCTION	3
2. TRANSMISSION AND ROUTING OF TELEPHONE EXCHANGE SERVICE TRAFFIC RELEVANT TO COMPENSATION	3
3. RESPONSIBILITIES OF THE PARTIES	6
4. LOCAL TRAFFIC COMPENSATION.....	7
5. BILLING FOR MUTUAL COMPENSATION.....	7
6. APPLICABILITY OF OTHER RATES TERMS AND CONDITIONS.....	9

APPENDIX RECIPROCAL COMPENSATION
(Mutual Compensation for Transport, Termination, and Transiting)

1. INTRODUCTION

- 1.1 This Appendix sets forth terms and conditions for Reciprocal Compensation provided by TDS TELECOM and SPRINT.

2. TRANSMISSION AND ROUTING OF TELEPHONE EXCHANGE SERVICE TRAFFIC RELEVANT TO COMPENSATION

- 2.1 The Telecommunications traffic exchanged between SPRINT and TDS TELECOM will be classified as Local Traffic, ISP-Bound Traffic, IP-Enabled Voice Traffic, intraLATA Toll Traffic, or interLATA Toll Traffic.

2.1.1 "Local Traffic," for purposes of intercarrier compensation, is Telecommunications traffic originated by an End User Customer of one Party in an exchange and terminated to a End User Customer of the other Party located within the same exchange or other non-optional extended local calling area associated with the originating customer's exchange as defined by TDS TELECOM's applicable local exchange tariff. Local Traffic may include IP-Enabled Voice Traffic pursuant to the same parameters as described in the preceding sentence. Local Traffic does not include: (1) ISP-Bound Traffic (Defined in Section 2.1.2.) (2) traffic that does not originate and terminate within the same TDS TELECOM local calling area as such local calling area is defined by TDS TELECOM's applicable local exchange tariff; (3) Toll Traffic, including, but not limited to, calls originated on a 1+ presubscription basis, or on a casual dialed (10XXX/101XXXX) basis; (4) optional extended local calling area traffic; (5) special access, private line, Frame Relay, ATM, or any other traffic that is not switched by the terminating Party; or, (6) Tandem Transit Traffic.

2.1.2 "ISP-Bound Traffic" means traffic that originates from a Party's End User Customer that is directed, either directly or indirectly, to an information service provider or Internet Service Provider (ISP).

2.1.3 "IP-Enabled Voice Traffic" means any IP-enabled, real-time, multi-directional voice call, including, but not limited to, service that mimics traditional telephony. IP-Enabled Voice Traffic includes:

2.1.3.1 Voice traffic originating on Internet Protocol Connection (IPC), and which terminates on the Public Switched Telephone Network (PSTN); and

2.1.3.2 Voice traffic originated on the PSTN, and which terminates on IPC, and

2.1.3.3 Voice traffic originating on the PSTN, which is transported through an IPC, and which ultimately, terminates on the PSTN.

2.2 Reciprocal compensation applies for transport and termination of Local Traffic as defined in Section 2.1.1 above and terminated by either Party's switch. The Parties agree that the jurisdiction of a call is determined by its originating and terminating (end-to-end) points. When an End User of a Party originates a call which terminates to an End User physically located in the same local calling area and served on the other Party's switch, the originating Party shall compensate the terminating Party for the transport and termination of Local Traffic in accordance with Section 4 of this Appendix.

2.2.1 If SPRINT secures NPA/NXXs in specific TDS TELECOM rate centers and assigns numbers from those NPA/NXXs to SPRINT End-Users physically located outside of the rate center to which the NPA/NXX is assigned, TDS TELECOM traffic originating from within the rate center where the NPA/NXX is assigned and terminating to such End-Users at a location outside the TDS TELECOM originating rate center, shall not be deemed Local Traffic, and therefore, no compensation shall be due from TDS TELECOM to SPRINT.

2.2.2 Further, SPRINT agrees to identify such traffic to TDS TELECOM and to compensate TDS TELECOM for originating and transporting such traffic to SPRINT at TDS TELECOM's tariffed switched access rates. TDS TELECOM shall make appropriate billing adjustments if SPRINT can provide sufficient information for TDS TELECOM to determine the actual jurisdiction of the traffic.

2.3 SPRINT and TDS TELECOM agree to terminate each other's ISP-Bound Traffic as described in Section 2.1.2 on a Bill and Keep basis. "Bill and Keep" shall mean that the originating Party has no obligation to pay terminating charges to the terminating Party, regardless of any charges the originating Party may assess its End Users.

2.3.1. TDS TELECOM and SPRINT have a fundamental disagreement on compensation of ISP-Bound Traffic which terminates outside of TDS TELECOM's local calling area. TDS TELECOM's position remains that all calls terminating outside of the local calling area are subject to access charges. SPRINT's position is that all ISP-Bound Traffic is subject to the FCC's Order on Remand and Order in CC Dockets No. 96-98 and 99-68, In the Matter of the Local Competition Provisions in the

Telecommunications Act of 1996; Intercarrier Compensation for ISP-Bound Traffic released on April 27, 2001 ("FCC ISP Remand Order"). Execution of this Agreement does not waive or prejudice any positions either Party has taken previously or may take in the future in any legislative, regulatory, or other public forum addressing any matters, including matters specifically related to, the types of arrangements prescribed in this Agreement.

In the event that any of the rates, terms and/or conditions of the Agreement related to compensation for the termination of ISP-Bound Traffic, or any of the laws or regulations that were the basis for those rates, terms and /or conditions are invalidated, modified or stayed by any action of any state or federal regulatory body or court of competent jurisdiction either Party may file a written request to the other Party to have the provision modified, invalidated or stayed consistent with the decision of the governing body.

The Party serving the Information Service Provider shall order trunks or facilities from the appropriate tariff of the other Party for such purposes and will be obligated to pay the full cost of such trunks or facility.

- 2.4 When SPRINT establishes service in a new area, the Parties' obligation for reciprocal compensation to each other shall commence on the date the Parties agree that the network is complete (i.e., each Party has established its originating trunks as well as any ancillary functions (e.g., 9-1-1)) and is capable of fully supporting originating and terminating End Users' (and not a Party's test) traffic. If there is no formal agreement as to the date of network completion, it shall be considered complete no later than the date that live traffic first passes through the network.
- 2.5 The compensation arrangements set forth in this Appendix are not applicable to (i) Exchange Access traffic, (ii) traffic exchanged between one Party's End User customers where both have a number ported from the other Party, or (iii) any other type of traffic found to be exempt from reciprocal compensation by the FCC or the Commission. All Exchange Access traffic and intraLATA Toll Traffic shall continue to be governed by the terms and conditions of applicable federal and state access tariffs. Optional calling plans, where applicable, will be classified as toll traffic.
- 2.6 IP-Enabled Voice Traffic shall be assigned to the corresponding jurisdiction for compensation purposes (Reciprocal Compensation or access), if all the signaling parameters are included with the traffic exchange. Calling Party Number ("CPN") of the originating IP-Enabled Voice Traffic shall indicate the geographical location of the actual IPC location, not the location where the call enters the PSTN. Jurisdictional Indicator Parameter ("JIP") shall be populated with the

LRN of the originating switch and shall indicate the Local Exchange Carrier serving the originating End User.

- 2.7 Private Line Services include private line-like and special access services and are not subject to local reciprocal compensation. Private Line Services are defined as dedicated Telecommunications channels provided between two points or switched among multiple points and are used for voice, data, audio or video transmission. Private Line services include, but are not limited to, WATS access lines.
- 2.8 Except as provided otherwise in this Agreement, the Parties understand and agree that either Party, upon ten (10) days notice to the other Party, may block any traffic that is improperly routed by the other Party over any trunk groups and/or which is routed outside of the mutual agreement of the Parties.
- 2.9 Neither Party shall be obligated to compensate the other Party or any Third Party for telecommunications traffic that is inappropriately routed.

3. RESPONSIBILITIES OF THE PARTIES

- 3.1 Each Party to this Appendix will be responsible for the accuracy and quality of its data as submitted to the respective Parties involved. It is the responsibility of each Party to originate and transmit complete and unaltered calling party number (CPN), as received by an originating party. Each Party is individually responsible to provide facilities within its network for routing, transporting, measuring, and billing traffic from the other Party's network and for delivering such traffic to the other Party's network as referenced in Telcordia Technologies BOC Notes on LEC Networks and to terminate the traffic it receives in that standard format to the proper address on its network. The Parties are each solely responsible for participation in and compliance with national network plans, including the Telecommunications Service Priority (TSP) System for National Security Emergency Preparedness (NSEP).
- 3.2 Each Party is responsible to input required data into Routing Data Base Systems (RDBS) and into Telecordia Technologies Rating Administrative Data Systems (example: BRADS) or other appropriate system(s) necessary to update the Local Exchange Routing Guide.
- 3.3 Neither Party shall use any Interconnection, function, facility, product, network element, or service provided under this Agreement or any other service related thereto or used in combination therewith in any manner that interferes with or impairs service over any facilities of either Party, its affiliated companies or other connecting telecommunications carriers, prevents any carrier from using its Telecommunication Service, impairs the quality or privacy of Telecommunications Service to other carriers or to either Party's End Users, causes hazards to either Party's personnel or the public, damage to either Party's

or any connecting carrier's facilities or equipment, including any malfunction of ordering or billing systems or equipment. Upon such occurrence, either Party may discontinue or refuse service for so long as the other Party is violating this provision. Upon any such violation, either Party shall provide the other Party notice of the violation at the earliest practicable time.

- 3.4 Each Party is solely responsible for the services it provides to its End Users and to other Telecommunications Carriers.
- 3.5 Where SS7 connections exist, each Party will provide the other with the proper signaling information (e.g., originating Calling Party Number, JIP and destination called party number, etc.), to enable each Party to issue bills in a complete and timely fashion. All CCS signaling parameters will be provided including CPN, JIP, Originating Line Information Parameter (OLIP) on calls to 8XX telephone numbers, calling party category, Charge Number, etc. All privacy indicators will be honored.

4. LOCAL TRAFFIC COMPENSATION

- 4.1 The rates, terms, conditions contained herein apply only to the termination of Local Traffic on the Parties' networks. All applicable rate elements can be found in Appendix PRICING.
- 4.2 Based on the assumption that the Local Traffic exchanged by the Parties will be roughly balanced (i.e., neither Party is terminating more than sixty percent (60%) of the Parties' total terminated minutes for Local Traffic), the Parties shall initially terminate each other's Local Traffic on a Bill and Keep basis.
- 4.3 Either Party may request that a traffic study be performed no more frequently than twice a year following the initial year of the Agreement. Should such traffic study indicate, in the aggregate, that the traffic is no longer in balance, either Party may notify the other of their intent to bill for Local Traffic termination. At such time, the Parties shall mutually agree upon and amend Appendix PRICING to incorporate rates for transport and termination of Local Traffic which shall be utilized for the duration of the Term of this Agreement unless otherwise agreed by the Parties. A minimum of ninety (90) days written notice is required prior to the first billing of mutual compensation.

5. BILLING FOR MUTUAL COMPENSATION

- 5.1 Direct Interconnection

- 5.1.1 Where the Parties utilize Direct Interconnection for the exchange of traffic between their respective networks, each Party will calculate terminating interconnection minutes of use based on standard Automatic Message Accounting (AMA) recordings made within each Party's network. These recordings are the basis for each Party to generate bills to the other Party. For purposes of reciprocal compensation only, measurement of minutes of use over Local Interconnection Trunk Groups shall be in actual conversation seconds. The total conversation seconds over each individual Local Interconnection Trunk Group will be totaled for the entire monthly bill and then rounded to the next whole minute.
- 5.1.2 Where SS7 connections exist between TDS TELECOM and SPRINT, if either Party fails to provide CPN (valid originating information) or JIP on at least ninety percent (90%) of total traffic, then traffic sent to the other Party without CPN or JIP (valid originating information) will be handled in the following manner.
- 5.1.2.1 The remaining ten percent (10%) of unidentified traffic will be treated as having the same jurisdictional ratio as the ninety (90%) of identified traffic.
- 5.1.2.2 If the unidentified traffic exceeds ten percent (10%) of the total traffic, all the unidentified traffic shall be billed in accordance with applicable access tariffs, currently on file with the appropriate regulatory body.
- 5.1.2.3 The originating Party will provide to the other Party, upon request, information to demonstrate that Party's portion of no-CPN or JIP traffic does not exceed ten percent (10%) of the total traffic delivered.
- 5.1.2.4 The Parties will coordinate and exchange data as necessary to determine the cause of the CPN or JIP failure and to assist its correction.

5.2 Indirect Interconnection

- 5.2.1 For any traffic exchanged between the Parties via third party tandems, each Party shall utilize records provided by the tandem operator to invoice for traffic terminating on its network. The Parties agree to accept the billing records from the tandem operator as representative of the traffic exchanged between the Parties.
- 5.2.2 To calculate intraLATA and intrastate toll access charges, the Parties agree to a PLU (Percent Local Usage) factor for each TDS TELECOM

operating company covered under this Agreement, see Pricing Appendix. The Parties shall provide to the other Party semi-annually a revised PLU. If a PLU factor is not provided by a Party then the prior PLU shall remain in effect. Any dispute regarding the PLU factor provided by either Party shall be handled in accordance with Section 16 of the General Terms and Conditions of this Agreement. .

- 5.3 Audits of usage associated with Reciprocal Compensation shall be performed as specified in Section 38 of the General Terms and Conditions of this Agreement.
- 5.4 The Parties shall be governed by applicable state and federal rules, practices, and procedures regarding the provision and recording of billing records. Neither Party shall bill for records older than one hundred eighty (180) days.

6. APPLICABILITY OF OTHER RATES TERMS AND CONDITIONS

- 6.1 Every interconnection and service provided hereunder shall be subject to all rates, terms and conditions contained in this Agreement which are legitimately related to such interconnection or service.